

8 AUG 1978



MEMORANDUM FOR: Deputy Director for Administration

FROM: Thomas B. Yale
Director of FinanceSUBJECT: Report of Investigation of Request for Waiver of
Claim for Overpayment of Salary - John Doe 4

25X1A REFERENCE: Headquarters Regulation [REDACTED]

1. Action Requested: Your approval, as provided for in reference, of the recommendation of the Overpayment Review Committee that the General Accounting Office be requested to grant a waiver of our claim against John Doe 4 for overpayment of salary of \$808.90.

2. Basic Data:

a. On 15 March 1968, John Doe 4 elected coverage under the Optional Federal Employees Group Life Insurance Program. At that time, he was stationed overseas and was paid on a "special" payroll. Upon his conversion from the "special" payroll to the Agency's "regular" payroll on 8 September 1968, Compensation Division failed to effect deductions for Optional FEGLI; therefore, he was overpaid for the period 8 September 1968 through 31 December 1977, his date of retirement. While processing for retirement, John Doe 4 was asked about FEGLI coverage and indicated that he did not have Optional FEGLI.

b. John Doe 4 says that "...for the entire period involved, I, in complete good conscience, assumed that I did not have the optional coverage." He believes this assumption is logically supported by the fact that to the best of his knowledge he was never given a statement of Earnings and Deductions which indicated that Optional FEGLI was being deducted and is certain that in more recent years his Statements of Earnings and Deductions did not show a deduction for Optional FEGLI. He believes it was logical for him to assume that he did not have the coverage.

3. Staff Position:

a. The Overpayment Review Committee determined there had been an administrative error in the failure to deduct Optional FEGLI when John Doe 4 was transferred from the "special" payroll to the Agency's "regular" payroll in September 1968.

b. The Committee was also convinced that John Doe 4 did not believe he had Optional FEGLI coverage and, therefore, could not have known that he was being overpaid.

c. The Committee's final consideration was whether John Doe 4 could reasonably have been expected to be aware of the overpayment:

(1) The Committee's review indicated that personnel action forms processed to the employee did not indicate his FEGLI status. The change from the "special" payroll to the "regular" payroll involved a change from a four-week pay period to a two-week pay period with the resulting change in the amounts of his deductions. In addition, he had just returned from being in a home leave status during which time he would have been without access to any pay records.

(2) At the time this overpayment began, Agency Earnings and Leave Statements did not show Optional FEGLI as a listed item, but instead, listed the amount of the deduction for Optional FEGLI under "other deductions." This could explain why an employee would not be aware that Optional FEGLI was, or was not, being deducted.

(3) Another consideration in line with John Doe 4's comment that he assumed that he did not have the Optional coverage was that in 1973 when Earnings and Leave Statements did begin listing Optional FEGLI deductions, the absence of such a deduction on his Earnings and Leave Statements would not have alerted him to suspect an error since he assumed he did not have such coverage.

(4) Finally, the Committee assumed that it is not common knowledge that FEGLI coverage, once signed for, continues to be in effect whether the Agency withholds from an employee's pay or not. Our further assumption was that if John Doe 4 had noticed the failure to deduct for Optional FEGLI, and had really wanted the coverage, he would have immediately called to get the situation corrected.

d. The Overpayment Review Committee concluded that because of the extenuating circumstances enumerated above, John Doe 4 could not reasonably have been expected to know that he was being overpaid because of the failure to withhold Optional FEGLI from his pay.

4. Recommendation: Based on the foregoing, the Overpayment Review Committee found no fraud, fault or lack of good faith on the part of the employee and since it would be against equity and good conscience and not in the best interest of the United States Government to collect the overpayment, recommended that the General Accounting Office be requested to waive the \$808.90 claim for overpayment against John Doe 4. I concur in this recommendation.

(signed) Thomas B. Yale

Thomas B. Yale

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[Redacted Signature]

Chairman, ORC

2 AUG 1978

Date

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S/ [Redacted Signature]

Audit Staff

2 AUG 1978

Date

25X1A

S/ [Redacted Signature]

Office of Personnel

2 AUG 1978

Date

25X1A

S/ [Redacted Signature]

Office of General Counsel

2 AUG 1978

Date

APPROVED:

William F. Smith

Deputy Director for Administration

DISAPPROVED:

Deputy Director for Administration

10 AUG 1978

DATE:

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DD/A Registry
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AUG 1978

Mr. Daniel P. Leary
General Accounting Office
Claims Division
441 G Street, N.W.
Washington, D.C.

Dear Mr. Leary:

The cases of John Doe 3 and John Doe 4 are hereby submitted in accordance with the Memorandum of Understanding of 30 March 1977 which deals with waiver of claim against Agency employees for the erroneous payment of pay and allowances. These cases are being submitted together since the facts related thereto are almost identical.

Based on the details of the enclosures, I recommend that you grant waivers of claim in the amount of \$2,012.50 to John Doe 3 and \$808.90 to John Doe 4.

Sincerely,

/s/John F. Blake

John F. Blake
Deputy Director
for
Administration

Enclosures:

1. Rpt of Invest, Salary Overpmt Computation
& Statement - John Doe 3
2. Rpt of Invest, Salary Overpmt Computation
& Statement - John Doe 4


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SUBJECT: Request for Waiver of Claim for Overpayment
of Salary - John Doe 3 and John Doe 4

ORIGINATOR:

25X1A



Thomas B. Yale
Director of Finance


Date